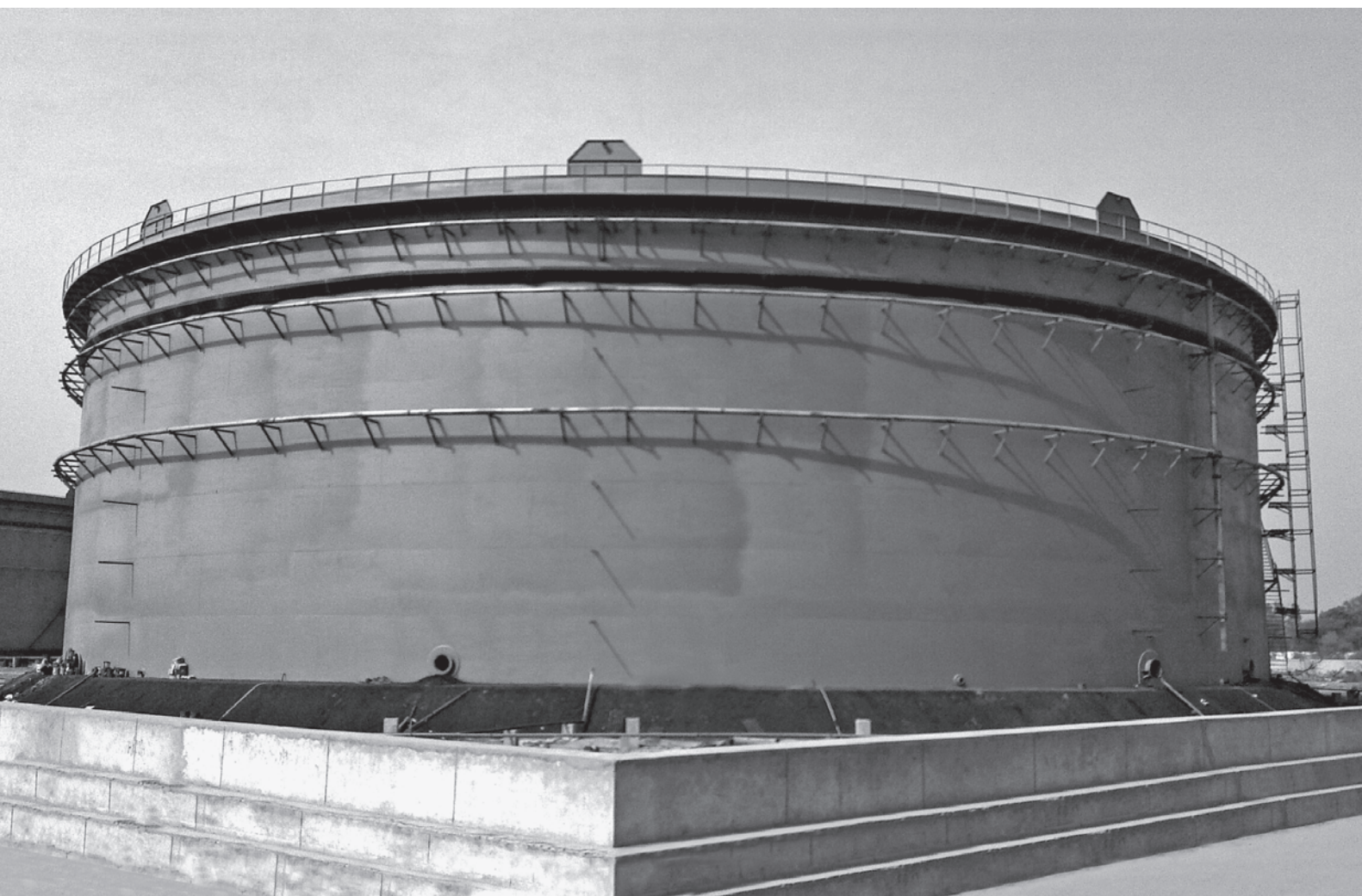




ARTSON ENGINEERING LIMITED

31ST ANNUAL REPORT

2009 - 2010





↕ Cross Country Pipelines, Kuwait



Artson Engineering Limited

Board of Directors (As on 7th May 2010)

Chairman	Kishore Pal Singh
Vice Chairman	N. K. Jagasia
Directors	A. K. Misra
	H. H. Malgham
	Michael Bastian
Special Director	Shashikant Oak
Executive Director – Manufacturing	Prakash S. Chopde
Executive Director	P. V. Varghese

Registered Office

Rang Udyan, Building No. 1, 2nd Floor
Sitladevi Temple Road, Mahim (West)
Mumbai 400 016

Registrar and Share Transfer Agents

Sharepro Services (India) Private Limited
(Registered Office)
UNIT: Artson Engineering Limited
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka,
Andheri (East), Mumbai 400 072

Sharepro Services (India) Private Limited
(Investor Relation Centre)
UNIT: Artson Engineering Limited
912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai 400 021

Bankers

Bank of India
Corporation Bank

Monitoring Agency

Bank of India

Auditors

Chokshi & Chokshi, Chartered Accountants

Concurrent Auditors

Patel & Deodhar, Chartered Accountants

Artson Engineering Limited

Registered Office: Rang Udyan, Building No. 1, 2nd Floor, Sitladevi Temple Road, Mahim (West), Mumbai 400 016

NOTICE

Notice is hereby given that the 31st Annual General Meeting of the Members of the Company will be held on Wednesday, 21st July 2010 at 4.00 p.m. at Mini Theatre, 3rd Floor, Ravindra Natya Mandir, P. L. Deshpande Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended 31st March 2010 and the Balance Sheet as at that date, together with Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Hoshie H. Malgham, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. N. K. Jagasia, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors to hold Office until the conclusion of the 32nd Annual General Meeting on a remuneration to be fixed by the Board of Directors.

Special Business

5. Appointment of Mr. Michael Bastian as a Director
To appoint a Director in place of Mr. Michael Bastian, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 21st September 2009 and who holds office upto the date of ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act from a Member proposing his candidature for the office of Director.
6. Appointment of Mr. P. V. Varghese as a Director
To appoint a Director in place of Mr. P. V. Varghese, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st January 2010 and who holds office upto the date of ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act from a Member proposing his candidature for the office of Director.
7. Appointment and terms of remuneration of Mr. P. V. Varghese as the Executive Director
To pass the following Resolution, with or without modifications, as a **Special Resolution**
“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act), and subject to the approval of the Central Government, the Company hereby approves of the appointment and terms of remuneration of Mr. P. V. Varghese as the Executive Director of the Company for a period of 3 (three) years with effect from 1st January 2010, upon the terms and conditions as set out below and in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as ‘the Board’ which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. P. V. Varghese.
 - a. Remuneration:
Salary upto a maximum of Rs. 1,25,000/- per month, with annual increments effective 1st April every year, commencing 1st April 2011, as may be decided by the Board, based on merit and taking into account the Company’s performance; benefits, perquisites and allowances as determined by the Board from time to time; and incentive remuneration, if any, and/or commission based on certain performance criteria to be prescribed by the Board.

b. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances and incentive remuneration as specified above.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

8. Reimbursement of medical expenses to Mr. P. S. Chopde, Executive Director – Manufacturing

To pass the following Resolution, with or without modifications, as a **Special Resolution**

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act), and subject to the approval of the Central Government, the Company hereby approves of payment of an amount of Rs. 1,75,709/- to Mr. P. S. Chopde, Executive Director – Manufacturing towards the reimbursement of medical expenses incurred by him during the Financial Year ended 31st March 2010.”

Notes:

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy and such proxy need not be a Member of the Company. Proxies, in order to be valid, must be received at the Registered Office of the Company not less than 48 hours before the Meeting.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
3. The Register of Members and the Transfer Books of the Company will remain closed from Wednesday, 14th July 2010 to Wednesday, 21st July 2010 (both days inclusive).
4. Members holding shares in electronic form are requested to bring their Client ID and DP ID numbers at the Meeting for easy identification.
5. To facilitate registration an attendance slip is enclosed. Shareholders attending the Annual General Meeting are requested to bring it with them at the venue.
6. Pursuant to the provisions of the Companies Act, 1956, facility for making nomination is available to the shareholders in respect of shares held by them. Nomination forms can be obtained from the Registered Office of the Company or the Registrar and Share Transfer Agents of the Company.
7. Shareholders are requested to address all correspondence in relation to shares related matters to the Company’s Registrar and Share Transfer Agents at the following addresses:

Sharepro Services (India) Private Limited (Registered Office) UNIT: Artson Engineering Limited 13AB, Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072	Sharepro Services (India) Private Limited (Investor Relation Centre) UNIT: Artson Engineering Limited 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021
---	--
8. A Member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least seven days prior to the Meeting so that the required information can be made available at the Meeting.

By Order of the Board,
VISHRAM PANCHPOR
Company Secretary

Registered Office:

Rang Udyan, Building No. 1,
2nd Floor, Sitladevi Temple Road,
Mahim (West), Mumbai 400 016

Date: 7th May 2010

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956 (the Act), the following Explanatory Statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the said Notice.

Item No. 5:

Mr. Michael Bastian was appointed as the Special Director by the Board for Industrial and Financial Reconstruction (BIFR) and held office from 3rd January 2008. The BIFR had, vide its Order F. No. 36/2005/SD/BIFR dated 31st August 2009 advised that with effect from the date of the said Order, Mr. Michael Bastian had ceased to be the Special Director of the Company, consequent to his having attained the age of 65 years.

Mr. Bastian, a Chartered Accountant, is a banker by profession and, on reaching the age of superannuation as per the Government of India rules, had retired from service as the Chairman and Managing Director of Syndicate Bank. Mr. Bastian has considerable knowledge and experience in the fields of finance and corporate governance and hence the Board of Directors formed an opinion that his presence on the Board will be very beneficial to the Company at a time when it is restructuring its operations so that they become viable.

Accordingly, Mr. Michael Bastian was appointed as an Additional Director of the Company by the Board of Directors with effect from 21st September 2009. Pursuant to the provisions of Section 260 of the Act and Article 147 of the Articles of Association, Mr. Bastian holds office till the date of ensuing Annual General Meeting, but is eligible for appointment. The Company has received a Notice in writing under Section 257 of the Act from a Member of the Company proposing Mr. Michael Bastian, as a candidate for the office of a Director liable to retire by rotation.

None of the Directors except Mr. Michael Bastian is concerned with or interested in the said Resolution.

Item Nos. 6 and 7:

Pursuant to Section 260 of the Act and Article 147 of the Articles of Association of the Company, the Board of Directors of the Company, vide its Resolution dated 24th December 2009, subject to the approval of the Members and the Central Government, appointed Mr. P. V. Varghese as an Additional Director of the Company with effect from 1st January 2010. As such, Mr. P. V. Varghese holds office as a Director upto the date of this Annual General Meeting and is eligible for appointment. Notice under Section 257 of the Act has been received from a Member indicating intention to propose Mr. P. V. Varghese for the office of the Director at the forthcoming Annual General Meeting.

Mr. P. V. Varghese is B.Sc. (Hons.) Engg. from Calicut University and AMII (Chem.) from Mumbai. Mr. Varghese has more than 3 (three) decades of experience with Tata Projects Limited (TPL). Mr. Varghese, prior to his deputation to the Company, was heading Oil, Gas and Hydrocarbon (OG&H) SBU of TPL and has very rich experience and deep knowledge of OG&H Sector not only in India but also in International markets especially in the Gulf and Middle-East countries. It was under his leadership that TPL's OG&H SBU could successfully complete many prestigious contracts.

The appointment and terms of remuneration of Mr. P. V. Varghese as the Executive Director are pursuant to the provisions of Article 173 and 176 of the Company's Articles of Association and Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any, of the Act. Mr. Varghese shall not, while he continues to be the Executive Director, be subject to retirement by rotation pursuant to the provisions of Section 255 of the Act.

Besides the terms and conditions for payment of Managerial Remuneration as contained in the Resolution at Item No. 7, the other main terms and conditions relating to the appointment of Mr. P. V. Varghese as Executive Director, as approved by the Remuneration Committee and the Board are given below:

1. The Executive Director shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to

superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the Boards of such associated companies and/or subsidiaries or any other executive body or any committee of such a company.

The Executive Director undertakes to employ the best of the skill and ability to make his utmost endeavours to promote the interests and welfare of the Company and to conform to and comply with the directions and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.

2. The personnel policies of the Company and the related Rules which are applicable to other employees of the Company will also be applicable to the Executive Director, unless specifically provided otherwise.
3. The Executive Director, so long as he functions as such, undertakes not to become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.
4. This appointment may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' remuneration in lieu of such notice.
5. The employment of the Executive Director may be terminated by the Company without notice or payment in lieu of notice:
 - a. if the Executive Director is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company to which he is required by the Agreement to render services; or
 - b. in the event of any serious or repeated or continuing breach (after prior warning) or non-observance by the Executive Director of any of the stipulations contained in the Agreement; or
 - c. in the event the Board expresses its loss of confidence in the Executive Director.
6. In the event the Executive Director is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.
7. Upon the termination by whatever means of his employment under the Agreement:
 - (i) the Executive Director shall immediately tender his resignation from offices held by him in any subsidiaries and associated companies without claim for compensation for loss of office and in the event of his failure to do so the Company is hereby irrevocably authorised to appoint some person in his name and on his behalf to sign and deliver such resignation or resignations to the Company and to each of the subsidiaries and associated companies of which the Executive Director is at the material time a Director or other officer;
 - (ii) the Executive Director shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiaries and associated companies.
8. The Executive Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(l) of the Act.
9. If and when the Agreement expires or is terminated for any reason whatsoever, Mr Varghese will cease to be the Executive Director, and also cease to be a Director. If at any time, the Executive Director ceases to be Director of the Company for any reason whatsoever, he shall cease to be the Executive Director, and this Agreement shall forthwith terminate. If at any time, the Executive Director ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director and the Executive Director of the Company.

10. The terms and conditions of the appointment of the Executive Director also include clauses pertaining to adherence with the Tata Code of Conduct, intellectual property, non-competition, conflict of interest with the Company and maintenance of confidentiality.
11. The terms and conditions of the appointment of the Executive Director may be altered and varied from time to time by the Board, as it may in its discretion deem fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the Executive Director, subject to such approvals as may be required.

Pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Act, the approval of the Members in General Meeting is required to be obtained for the appointment of Mr. P. V. Varghese as the Executive Director and the terms of remuneration as set out in Item No. 7 of the Notice.

Mr. P. V. Varghese is concerned with or interested in the Resolutions mentioned at Item No. 6 and 7 of the Notice.

As required under Section 302 of the Act, an abstract of the main terms and conditions of the appointment of Mr. P. V. Varghese as the Executive Director together with the memorandum of concern or interest has already been sent to the shareholders of the Company.

Taking into account Mr. P. V. Varghese's qualifications, experience and performance, the Board is of the opinion that it is in the interest of the Company to receive the benefit of Mr. Varghese's services and accordingly the Directors commend the Resolutions at Item Nos. 6 and 7 for approval by the Members.

Item No. 8:

At the Extra-Ordinary General Meeting held on 21st April 2006, Mr. P. S. Chopde has been appointed as the Whole-time Director of the Company for a period of 5 years effective from 1st April 2006 at a remuneration not exceeding Rs. 1,25,000/- per month and other perquisites as mentioned in the Explanatory Statement to the Resolution.

The said Resolution also states that in event of loss or inadequacy of profits in any financial year during the term of Mr. P. S. Chopde, the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Schedule XIII to the Act and the total remuneration as mentioned in the Resolution shall be paid or granted as the 'minimum remuneration'.

During the year ended 31st March 2010, the salary, perquisites and allowances availed of by Mr. Chopde aggregated Rs. 15,00,000/-.

Mr. P. S. Chopde, Executive Director – Manufacturing, underwent a bypass surgery in May 2009 and a cataract surgery in February 2010. While major expenses of the cardiac surgery and hospitalisation have been covered under his personal mediclaim policy, he had to incur further expenses. The expenses for cataract surgery could not be claimed under the mediclaim policy. Mr. Chopde has submitted a claim for reimbursement of Rs. 1,75,709/-, being the amount not covered by the mediclaim policy.

The Board of Directors at its Meeting held on 7th May 2010, based on the recommendation of the Remuneration Committee has, subject to the approval of the Members and the Central Government, approved the payment of above hospitalisation and medical expenses to Mr. P. S. Chopde. Considering the circumstances and the nature of expenses, the Board formed an opinion that the payment of excess remuneration to the extent of Rs. 1,75,709/- is justified.

After considering the Net Profit for the year ended 31st March 2010, the Company is having inadequate profits, and hence Mr. Chopde's total remuneration is subject to the aforementioned approval of the shareholders and the Central Government.

Besides Mr. P. S. Chopde no other Director of the Company is in any way concerned or interested in Item No. 8 of the Notice.

The Board commends the Special Resolution under Item No. 8 for approval.

Additional information relevant to the said appointment/payment of excess remuneration as per Notification dated 16th January 2002 issued by the Department of Company Affairs.

I. General Information:

- (i) Nature of Industry: The Company undertakes EPC contracts on a turn-key basis in the Oil, Gas and Hydrocarbon (OG&H) Industry.
- (ii) Date of commencement of commercial production: The Company was incorporated on 18th September 1978 as a private limited company and was converted into a public limited company effective 22nd September 1986. The Company commenced commercial production from 1st September 1992 from its Nashik Factory.
- (iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
- (iv) Financial performance based on given indicators – as per published Audited Financial Results for the Financial Years ended 31st March 2009 and 31st March 2010:

Rs. Crore

Particulars	31st March 2010	31 st March 2009
Sales and Other Income	132.08	34.72
Profit/(Loss) before tax	6.23	(5.01)
Profit/(Loss) after tax	6.22	(5.01)
Networth	(7.23)	(13.45)

- (v) Export performance and foreign exchange earnings for the Financial Years ended 31st March 2009 and 31st March 2010:

Rs. Crore

Particulars	31st March 2010	31 st March 2009
Earnings	13.17	19.13
Expenditure	14.28	16.32

- (vi) Foreign investments or collaborators, if any: The Company has no foreign collaborators and hence there is no equity participation by foreign collaborators in the Company. The Company has not made any investments overseas.

II. Information about the appointee/Director:

Mr. P. V. Varghese

(i) Background details:

Mr. P. V. Varghese is B.Sc. (Hons.) Engg. from Calicut University and AMII (Chem.) from Mumbai. Mr. Varghese has more than 3 (three) decades of experience with Tata Projects Limited (TPL). Mr. Varghese, prior to his deputation to the Company, was heading Oil, Gas and Hydrocarbon (OG&H) SBU of TPL and has very rich experience and deep knowledge of OG&H Sector not only in India but also in International markets especially in the Gulf and Middle-East countries. It was under his leadership that TPL's OG&H SBU could successfully complete many prestigious contracts.

Mr. Varghese has extensive international exposure by virtue of having visited large number of countries on business visits.

(ii) Past remuneration drawn:

Remuneration drawn from Tata Projects Limited during the Financial Year 2008-09 aggregated Rs. 25.24 Lakh.

(iii) Recognition and Awards/Achievements:

Mr. P. V. Varghese is a permanent member of Indian Institute of Chemical Engineering, nominated member of CII (Western Region) and a permanent member of the Indian Atomic Industrial Forum (IIAF).

(iv) Job profile and suitability:

Mr. Varghese was deputed by TPL to assist the Company in its marketing and business development activities. In TPL, Mr. Varghese, prior to his deputation to the Company, was Vice President – OG&H. On deputation to the Company, Mr. Varghese was made Vice President (Marketing). With his guidance and supervision, the Company has been able to secure various important contracts. The Board has full confidence in his abilities to efficiently manage the affairs of the Company and make it viable at the earliest and lead it into a profitable venture in due course of time. With this in view, the Board has appointed Mr. Varghese as an Executive Director of the Company.

(v) Remuneration proposed:

Remuneration	Salary upto a maximum of Rs. 1,25,000/- per month with annual increments effective 1 st April every year, commencing 1 st April 2011, as may be decided by the Board, based on merit and taking into account the Company's performance; benefits, perquisites and allowances as determined by the Board from time to time; and incentive remuneration, if any, and/or commission based on certain performance criteria to the prescribed by the Board.
	Salary: Rs. 85,000/- per month with effect from 1 st January 2010.
Minimum Remuneration in case of inadequacy of profits during any financial year	Salary, perquisites and allowances, incentive remuneration as mentioned above, but excluding commission.

- (vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the nature of industry, size of the Company, the profile of Mr. P. V. Varghese, responsibility shouldered by him the remuneration proposed is not commensurate and significantly lesser than the remuneration packages paid to similar senior level appointees in other companies.

- (vii) Pecuniary relationship, directly or indirectly, with the Company or relationship with the managerial personnel, if any:

Besides the proposed remuneration, Mr. P. V. Varghese has no pecuniary relationship, directly or indirectly, with the Company or its managerial personnel.

Mr. P. S. Chopde

- (i) Background details:

Mr. P. S. Chopde is a Mechanical Engineer from Pune University and MBA from the Jamnalal Bajaj Institute of Management Studies. Mr. Chopde has over 35 years of experience in Design and Construction. He was working with Lube India Limited and Hindustan Petroleum Corporation Limited before promoting this Company.

Mr. Chopde has extensive international exposure by virtue of having visited large number of countries on business visits.

- (ii) Past Remuneration drawn:

Remuneration drawn during the Financial Year 2009-10 aggregated Rs. 15 Lakh.

- (iii) Recognition and Awards/Achievements:

Mr. Chopde has conducted many workshops on storage tanks in India and abroad and has many innovative methods of tank construction to his credit. He has been instrumental in popularising in India the 'Build and Lift Method' of tank construction using hydraulic jacks.

- (iv) Job profile and suitability:

Mr. P. S. Chopde is one of the original promoters of the Company. Mr. Chopde has about 40 years' extensive experience in design and construction. Effective 4th August 2009, Mr. Chopde has been re-designated as the Executive Director – Manufacturing to undertake the revival and starting of the Nashik Factory in a phased manner. Taking into consideration his qualifications and expertise, Mr. P. S. Chopde is best suited for the responsibilities assigned to him by the Board of Directors.

- (v) Remuneration proposed:

Mr. Chopde's total remuneration for the year ended 31st March 2010 has aggregated Rs. 15 Lakh. In view of the inadequacy of the Company's profits for the year ended 31st March 2010, excess remuneration, if any, would be subject to approval by the Shareholders and the Central Government pursuant to the provisions of Schedule XIII to the Companies Act, 1956 (the Act) read with other provisions, as applicable, of the Act.

Accordingly, the approval of the Members and the Central Government is sought for reimbursement of medical expenses of Rs. 1,75,709/- incurred by Mr. P. S. Chopde.

- (vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the nature of industry, size of the Company, the profile of Mr. P. S. Chopde, responsibility shouldered by him, the remuneration proposed is not

commensurate and significantly lesser than the remuneration packages paid to similar senior level appointees in other companies.

- (vii) Pecuniary relationship, directly or indirectly, with the Company or relationship with the managerial personnel, if any:

Besides the proposed remuneration, Mr. P. S. Chopde has no pecuniary relationship, directly or indirectly, with the Company or its managerial personnel.

III. Other Information:

- (i) Reasons for loss or inadequate profits:

As per the Audited Balance Sheet as on 30th September 2004, the Company's networth was fully eroded due to the accumulated losses and consequently, the Company was referred to the Board for Industrial and Financial Reconstruction (BIFR) as a sick company under the provisions of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. The main reasons for the sickness of the Company were non-availability of certain type of specialized raw materials such as alloy carbon steel and non-ferrous plates, major industrial relation problems resulting in closure of Nashik factory, major orders for fabrication of storage tanks had been abandoned which resulted in financial crunch, due to lack of funds, the Company suffered heavy losses in executing some of the Orders.

- (ii) Steps taken or proposed to be taken for improvement:

At the hearing held on 27th November 2007, the BIFR has sanctioned the Rehabilitation Scheme of the Company and the Order sanctioning the scheme of rehabilitation was received by the Company on 18th December 2007 (Sanctioned Scheme). The Sanctioned Scheme is presently under implementation.

As per the Audited Accounts of the Company for the Financial Year ended 31st March 2010, the Company's operations had resulted in a Profit After Tax of Rs. 6.22 Crore as against a Loss After Tax of Rs. 4.86 Crore during the Financial Year ended 31st March 2009. The accumulated loss as at 31st March 2010 was Rs. 10.92 Crore as against Rs. 17.14 Crore as at 31st March 2009.

- (iii) Expected increase in productivity and profits in measurable terms:

With the orders already secured and revival of Nashik Factory, the Company hopes to substantially reduce the accumulated loss by the year-end and thereby meet the performance assured to BIFR at the time it gave its Sanctioned Scheme. The cost reduction measures would also contribute in the Company's profitability.

By Order of the Board,
VISHRAM PANCHPOR
Company Secretary

Registered Office:

Rang Udyan, Building No. 1,
2nd Floor, Sitladevi Temple Road,
Mahim (West), Mumbai 400 016

Date: 7th May 2010

**INFORMATION PERTAINING TO DIRECTORS SEEKING
RE-APPOINTMENT/APPOINTMENT**

Name of the Director	Mr. H. H. Malgham	Mr. N. K. Jagasia	Mr. Michael Bastian	Mr. P. V. Varghese
Director Identification Number (DIN)	00083194	00119646	00458062	02802995
Date of Birth	22 nd June 1936	26 th September 1942	5 th August 1944	1 st April 1949
Directorship in other Indian companies	1. Tata Elxsi Limited 2. Tata Projects Limited 3. Tata Ceramics Limited	Nil	1. Indian Oil Corporation Limited 2. Orient Paper & Industries Limited 3. Elder Pharmaceuticals Limited 4. Hindustan Copper Limited	Nil
Directorship in foreign companies	Nil	Nil	Nil	Nil
Positions in Committees* of other Indian companies	1. Tata Elxsi Limited, Audit Committee, Chairman 2. Tata Elxsi Limited, Investor Grievance Committee, Member 3. Tata Projects Limited, Audit Committee, Chairman 4. Tata Ceramics Limited, Audit Committee, Member	Nil	1. Indian Oil Corporation Limited, Audit Committee, Chairman 2. Orient Paper & Industries Limited, Investor Grievance Committee, Chairman 3. Orient Paper & Industries Limited, Audit Committee, Member 4. Elder Pharmaceuticals Limited, Audit Committee, Chairman 5. Hindustan Copper Limited, Audit Committee, Chairman	Nil
Number of shares held in the Company	Nil	3,28,340	Nil	Nil
Relationship, if any, with other Directors	Not Related to any of the Directors	Not Related to any of the Directors	Not Related to any of the Directors	Not Related to any of the Directors

* Only Audit and Investor Grievances Committees considered.

DIRECTORS' REPORT

TO THE MEMBERS OF ARTSON ENGINEERING LIMITED

The Directors present their Thirty-first Annual Report along with the Audited Statement of Accounts for the financial year ended 31st March 2010.

1. Performance of the Company

The Company's performance for the year is summarised below:

Financial Highlights

	Financial Year ended 31 st March 2010	Financial Year ended 31 st March 2009
Sales and Other Income	132.08	33.78
Profit/(Loss) before depreciation	7.56	(3.81)
Profit/(Loss) before tax	6.23	(4.55)
Profit/(Loss) after tax	6.22	(4.86)
Profit/(Loss) brought forward	(17.14)	(12.33)
Add: Prior Period Expenses	—	(0.15)
Transfer from General Reserve	—	0.20
Profit/(Loss) available for appropriation	(10.92)	(17.14)

Operations

The Company commenced the financial year with an order-book aggregating Rs. 248 Crore for construction of crude-oil storage tanks, intermediate and product storage tanks and associated facilities.

Two Orders for construction of crude-oil storage tanks viz. 4 (four) tanks at Bathinda and 4 (four) tanks at Panipat are nearing completion. Work for construction of Intermediate and Product Storage Tanks (total 64 tanks) at Bathinda is in advanced stage of completion and likely to be completed in the current year.

The Company's Total Income for the year under review aggregated Rs. 132.08 Crore (Previous year – Rs. 33.78 Crore) recording an impressive growth of about 290% over the previous year. The operations of the Company for the period under review resulted in a Profit After Tax of Rs. 6.22 Crore (Previous year – Loss after Tax of Rs. 4.86 Crore).

The Company's order booking in the current year was adversely affected both in the domestic as well as overseas market due to unprecedented melt down and recession that led to postponement of investments. Business in the domestic market was further affected due to the Company not being able to qualify to bid due to negative networth and accumulated losses. The prospects in the current year are however promising both in the domestic as well as overseas market, particularly in the Gulf region where the Company is already active. The Company has recently been awarded a contract on EPC basis for construction of tanks at Abu Dhabi and expects to book some more orders in due course of time.

With the execution of carry-over orders and substantial portion of new orders to be executed during the year, the Company's performance is expected to be better during the financial year 2010-11.

2. Rehabilitation Scheme sanctioned by the Board for Industrial and Financial Reconstruction

As the Members are aware, the Board for Industrial and Financial Reconstruction (BIFR) had, vide its Order dated 27th November 2007, sanctioned a rehabilitation scheme (Sanctioned Scheme). The said Sanctioned Scheme is presently under implementation.

During the year under review, the Company had filed two separate modification applications as certain modifications to the Sanctioned Scheme were felt necessary for smooth rehabilitation of the Company. The BIFR has approved the Company's request and has granted exemption, upto 31st March 2011, from complying with the provisions of Clause 49 of the Listing Agreement. Permission has also been granted to the Company to utilize, for other business activities of the Company, the surplus available against the Capital Expenditure aggregating Rs. 5.80 Crore earmarked in the Sanctioned Scheme for the revival of the Nashik factory.

Various approvals and permissions for revival of the Company's Nashik Factory are being obtained and it is expected that the Nashik factory will commence commercial production in the current year.

3. Moratorium for re-payment of loan to Tata Projects Limited

Considering the working capital requirements for the projects-execution and other business activities of the Company and other circumstances prevailing, a request was made to Tata Projects Limited (TPL) to grant a moratorium for re-payment of 1st installment of principal amount of loan, that was originally due on 30th September 2008 as per the Sanctioned Scheme. TPL has approved the moratorium request and accordingly, the 1st such installment will fall due on 30th September 2010 and the 2nd installment will fall due on 31st March 2011. Repayment thereafter will be on a yearly rest basis. Interest on the said loan extended to the Company has been paid to TPL.

4. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, for the year ended 31st March 2010 the Directors confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the annual accounts on a going concern basis.

5. Directors

The BIFR has, vide its Orders dated 21st August 2009 and 31st August 2009, respectively, appointed Mr. Shashikant Oak as a Special Director of the Company and advised that Mr. Michael Bastian has ceased to be the Special Director of the Company. Both the changes are effective the date of respective Orders.

Considering the expertise and experience of Mr. Michael Bastian in the fields of finance and corporate governance, the Board formed an opinion that his presence on the Board will be very beneficial to the Company at a time when it is restructuring its operations so that they become viable. Accordingly, Mr. Bastian was appointed as an Additional Director effective 21st September 2009.

Mr. P. V. Varghese, who was initially deputed by Tata Projects Limited to assist the Company in its marketing and business development activities, was appointed, effective 1st January 2010, as an Additional Director, and designated as the Executive Director. Proposals for Mr. Varghese's appointment and remuneration payable to him are being placed before the shareholders for their approval at the ensuing Annual General Meeting.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Bastian and Mr. Varghese hold office upto the ensuing Annual General Meeting, but are eligible for re-appointment. The Company has received notices in writing from Members proposing candidature of Mr. Bastian and Mr. Varghese for the office of a Director, respectively.

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. N. K. Jagasia and Mr. Hoshie H. Malgham retire by rotation and are eligible for re-appointment.

6. Auditors

M/s. Chokshi & Chokshi, Chartered Accountants, the Statutory Auditors of the Company are due to retire at the ensuing Annual General Meeting. The Company has received a certificate from the Statutory Auditors, under Section 224(1)(b) of the Companies Act, 1956, stating that they are eligible for re-appointment and the said re-appointment, if made, will be within the prescribed limits.

7. Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However, as per Section 219(1)(b)(iv) of the Companies Act, 1956, this Report together with the Accounts is being sent to all the shareholders of the Company excluding the Section 217(2A) statement. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

8. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgoings

Particulars prescribed under Section 217(1)(e) of the Companies Act, 1956 are given in an Annexure to this Report.

9. Report on Corporate Governance

Pursuant to the Order passed by the BIFR, referred above, the Company has been granted exemption from complying with the requirements of Clause 49 of the Listing Agreement upto 31st March 2011. Accordingly, for the year under review, the Company is not required to report compliance with Clause 49 of the Listing Agreement dealing with Corporate Governance.

10. Acknowledgements

The Directors wish to place on record their sincere appreciation for the continued support received during the year from the Shareholders, Tata Projects Limited, customers – both in India and abroad, suppliers and vendors, Banks, the BIFR, the AAIFR and other Government and Regulatory authorities. The Board wishes to record its deep appreciation to all the employees of the Company for their dedication and commitment.

For and on behalf of the Board of Directors

KISHORE PAL SINGH
Chairman

Mumbai, 7th May 2010

ANNEXURE TO THE DIRECTORS' REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgoings

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the Accounting Year ended 31st March 2010:

A. Conservation of Energy

- (a) Energy conservation measures taken: Not Applicable
- (b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy: Not Applicable
- (c) Impact of the measures at (a) and (b) above, for energy consumption and consequent impact on the cost of production of goods: Not Applicable
- (d) Total energy consumption and consumption of energy per unit of production: Not Applicable

B. Technology Absorption

Efforts made in technology absorption: Not Applicable

C. Foreign Exchange Earnings and Outgoings

	Financial Year ended 31 st March 2010	Financial Year ended 31 st March 2009
		(Rupees Crore)
Earnings	13.17	19.13
Expenditure	14.28	16.32

For and on behalf of the Board of Directors

KISHORE PAL SINGH
Chairman

Mumbai, 7th May 2010

AUDITORS' REPORT

TO THE MEMBERS OF

ARTSON ENGINEERING LIMITED

We have audited the attached Balance Sheet of **Artson Engineering Limited (the Company)** as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. (i) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
(ii) In our opinion, proper books of account as required by law have been kept by the Company, in so far as appears from our examinations of the books.
(iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
(iv) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
(v) In our opinion, the Profit and Loss Account, the Balance Sheet & the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
3. As per information and explanations given to us, the Central Government has, till date, not prescribed any cess payable under Section 441A of the Companies Act, 1956.
4. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with Significant accounting policies and Notes to accounts in Schedule 12 and specially Note No. 20 thereof regarding the pending approval of Central Government in respect of excess payment of Rs. 492,000/- made to one of the key managerial personnel than allowable under the Companies Act, 1956, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.
 - i. in the case of the Balance sheet, of the state of affairs of the Company as at 31st March 2010;
 - ii. in the case of Profit and Loss Account, of the profit for the year ended 31st March 2010; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended as on that date.

For **CHOKSHI & CHOKSHI**
Firm Registration No. 101872W
Chartered Accountants

K. S. CHOKSHI
Partner
Membership No. 17085

Place : Mumbai
Date : 7th May 2010

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN PARAGRAPH '1' OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF ARTSON ENGINEERING LIMITED (THE COMPANY)

1. (a) The Company is maintaining records to show particulars of Fixed Assets including their quantitative details and location of all the assets.
- (b) According to the information and explanations given to us, physical verification of the fixed assets was carried out by the management in a phased periodical manner during the year under report, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets, no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of fixed assets during the year under report. However, the Company has discarded some Plant & Machinery, Computer, Furniture & Fixtures and Office Equipment/Air Conditioner by writing off which has not affected the going concern status.
2. (a) According to the information and explanations given to us, physical verification has been conducted by the management as at the year end in respect of the finished goods in process, stores, spare parts and raw materials.
- (b) In our opinion and according to the information and explanations given by the management, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) No material discrepancies have been noticed on verification of inventory between the physical stock and the book records. The discrepancies noticed have been properly dealt with in the books of account.
3. (a) The Company has not granted any Loans, Secured or Unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956; hence Clauses iii(a) to iii(d) of Paragraph 4 of the Order are not applicable.
- (b) In terms of BIFR order, the Company has taken a secured loan as listed below from a Company listed in the register maintained under Section 301 of the Companies Act, 1956. The terms and conditions on which the said loan has been taken are not *prima facie* prejudicial to the interest of the Company. The payment of principal in this regard is not yet due and interest due has been paid thereon.

Maximum outstanding balance during the year was Rs. 2,294.68 Lakh

(Rs. Lakh)

Name	Balance as on 1 st April 2009	Loan raised during the Year 2009-10	Closing Balance as on 31st March 2010
Tata Projects Limited	2,065.68	229.00	2,294.68

4. In our opinion and according to the information and explanations given to us, there are reasonable internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any instances of major weakness in the aforesaid internal control procedures. However, in our opinion having regard to the size and nature of business and construction sites being spread over different areas, the internal control needs to be strengthened.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the transactions that need to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been entered.
6. (a) In our opinion and according to the information and explanations given by the management, the Company has not accepted any deposits during the Year. Accordingly, in our opinion

the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.

- (b) There have been no proceedings before the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
7. In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the Company's size and nature of its business.
8. In our opinion and according to the information and explanations given by the management, the Central Government has not prescribed for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
9. (a) According to the information & explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing Undisputed Statutory dues including Provident fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Education Cess and other material Statutory dues as applicable with the appropriate authorities. The amount of outstanding statutory dues exceeding six months from the date they became payable as at 31st March 2010 are NIL.
- (b) According to the information and explanations given to us, the particulars of sales tax dues as at 31st March 2010 which have not been deposited on account of a dispute pending are as under:

Name of the Statute	Nature of the disputed dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Commercial Tax Officer (Andhra Pradesh)	Works Contract differences in value of property passing and sale in transit	12,20,606	1998-1999	Commissioner Appeal
Commercial Tax (West Bengal)	Works Contract value	2,07,981	1998-1999 1999-2000 2000-2001	Commissioner Appeal
Commercial Tax Officer (Haryana Sales Tax)	Works Contract value	32,79,788	1997-1998	Commissioner Appeal

10. The accumulated losses of the Company is more than its paid up capital and free reserves. The Company has not incurred a cash loss during the year though it incurred cash losses in the preceding financial years and accounts are continued to be prepared on a going concern basis.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
12. The Company has not granted any Loans and Advances on the basis of security by way of pledge of shares, debenture and other securities. Therefore Clause 4(xii) of the said Order is not applicable to the Company.
13. The Company is not a Chit Fund or a Nidhi Mutual Benefit/Society. Therefore, the provisions of Clause 4(xiii) of the said Order is not applicable to the Company.
14. The Company has not entered into any trading in shares, securities, debentures and other investments during the year. Therefore Clause 4(xiv) of the said Order is not applicable to the Company.
15. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial Institutions.

16. In our opinion and according to the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. Based on the information and explanations given to us, the Company has not raised any funds for short term basis.
18. The Company has not made any preferential allotment of shares to any parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any secured debentures.
20. The Company has not raised any money through a public issue during the Year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **CHOKSHI & CHOKSHI**
Firm Registration No. 101872W
Chartered Accountants

K. S. CHOKSHI
Partner
Membership No. 17085

Place : Mumbai
Date : 7th May 2010

**Balance Sheet as on 31st March 2010**

	Schedule	As on 31 st March 2010		As on 31 st March 2009	
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
SOURCES OF FUNDS:					
Shareholder's Funds					
Equity Share Capital	1	36,920,000		36,920,000	
Reserves & Surplus	2	—		—	
			36,920,000		36,920,000
Loans Funds					
Secured Loans	3	242,642,176		206,568,000	
Unsecured Loans		4,641,221		4,641,221	
			247,283,397		211,209,221
Deferred Tax Liability (Net)			4,833,200		4,705,036
			<u>289,036,597</u>		<u>252,834,257</u>
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	4	222,906,275		171,863,907	
Less: Depreciation		(132,364,196)		(122,876,619)	
			90,542,079		48,987,288
Capital Work in Progress: Addition during the year			15,353,749		—
Current Assets, Loans & Advances					
Inventories	5	36,827,783		13,696,724	
Sundry Debtors		321,901,917		144,147,550	
Cash and Bank Balances		11,980,313		63,982,624	
Other Current Assets		168,077,345		36,508,653	
Loans and Advances		57,684,747		33,326,242	
	A	596,472,105		291,661,793	
Less: Current Liabilities and Provisions					
Current Liabilities	6	521,196,053		257,657,383	
Provisions		1,372,519		1,566,851	
	B	522,568,572		259,224,234	
Net Current Assets	(A-B)		73,903,534		32,437,559
Profit and Loss Account			109,237,235		171,409,410
			<u>289,036,597</u>		<u>252,834,257</u>
Significant Accounting Policies and Notes to Accounts	12				

Subject to our Report of even date
For and on behalf of

Chokshi & Chokshi
Chartered Accountants

K. S. Chokshi
(Partner)
Membership No. 17085

Place : Mumbai
Date : 7th May 2010

For and on behalf of the Board

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

K. P. Singh
Chairman

H. H. Malgham
Director

P. S. Chopde
Executive Director (Manufacturing)

P. V. Varghese
Executive Director

Place : Mumbai
Date : 7th May 2010

Profit and Loss Account for the year ended 31st March 2010

	Schedule	Year ended 31 st March 2010		Year ended 31 st March 2009	
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
INCOME					
Income from Contracts	7	1,319,352,887		334,585,677	
Other Income	8	1,453,958		3,245,781	
			<u>1,320,806,845</u>		<u>337,831,458</u>
EXPENDITURE					
Project Execution Expenses	9	1,041,257,143		305,127,777	
Employee Cost	10	106,728,798		48,257,698	
Establishment and Other Expenses	11	74,127,644		2,496,653	
Interest		23,091,898		20,077,770	
Depreciation	4	13,301,022		7,342,805	
			<u>1,258,506,505</u>		<u>383,302,703</u>
Net Profit/(Loss) Before Tax			<u>62,300,340</u>		<u>(45,471,245)</u>
Less: Provision for Taxation					
Current Tax		—		—	
Deferred Tax		128,164		2,920,910	
Fringe Benefit Tax		—		148,281	
			<u>128,164</u>		<u>3,069,191</u>
Net Profit/(Loss) After Tax			<u>62,172,176</u>		<u>(48,540,436)</u>
<i>Less: Prior Period Expenses</i>			—		1,539,727
Net Profit/(Loss) After Prior Period Expenses			<u>62,172,176</u>		<u>(50,080,163)</u>
<i>Add: Transfer from General Reserve</i>			—		2,000,000
<i>Add: Balance Brought Forward</i>			<u>(171,409,412)</u>		<u>(123,329,248)</u>
Profit/(Loss) Available for Appropriation			<u>(109,237,236)</u>		<u>(171,409,412)</u>
Balance Profit/(Loss) carried forward to Balance Sheet			<u>(109,237,236)</u>		<u>(171,409,412)</u>
Earning Per Share			—		—
Significant Accounting Policies and Notes to Accounts	12				

Subject to our Report of even date
For and on behalf of

Chokshi & Chokshi
Chartered Accountants

K. S. Chokshi
(Partner)
Membership No. 17085

Place : Mumbai
Date : 7th May 2010

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

For and on behalf of the Board

K. P. Singh
Chairman

H. H. Malgham
Director

P. S. Chopde
Executive Director (Manufacturing)

P. V. Varghese
Executive Director

Place : Mumbai
Date : 7th May 2010

Schedules forming part of Balance Sheet as at 31st March 2010

SCHEDULE 1	As on 31st March 2010		As on 31st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
SHARE CAPITAL				
AUTHORISED SHARE CAPITAL:				
(i) 150,000,000 Equity Shares of Re. 1/- each	150,000,000		150,000,000	
(ii) 200,000 Preference Shares of Rs. 100/- each	20,000,000		20,000,000	
		170,000,000		170,000,000
ISSUED SUBSCRIBED AND PAID UP CAPITAL:				
36,920,000 Equity Shares of Re. 1/- each fully paid up	36,920,000		36,920,000	
		36,920,000		36,920,000
SCHEDULE 2	As on 31st March 2010		As on 31st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
RESERVES AND SURPLUS:				
CAPITAL RESERVE				
Balance brought forward	—		2,000,000	
Less: Transferred to General Reserve	—		2,000,000	
		—		—
GENERAL RESERVE				
Balance brought forward	—		—	
Add: Transferred from Capital Reserve	—		2,000,000	
		—	2,000,000	
Less: Transferred to Profit & Loss A/c	—		2,000,000	
		—		—
SCHEDULE 3	As on 31st March 2010		As on 31st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
LOAN FUNDS				
SECURED LOANS:				
Working Capital Loan from Bank	13,174,176		—	
(First Charge by way of Hypothecation on Inventories, Book Debts and Other Current Assets)				
Term Loan from Holding Company	229,468,000		206,568,000	
In terms of the Sanctioned Scheme of BIFR dated 18th December 2007, the Company has obtained loan from Strategic Investor viz. Tata Projects Limited (Holding Company) against the security of immovable property of Land and Building and the necessary documents are with the Holding Company				
		242,642,176		206,568,000
UNSECURED LOANS:				
Sales Tax Deferment Loan (SICOM)	4,641,221		4,641,221	
[Amount due within 1 year – Nil (Previous Year – Nil)]				
		4,641,221		4,641,221
DEFERRED TAX LIABILITY				
Deferred Tax Liability (Net)	4,833,200		4,705,036	
		4,833,200		4,705,036

Schedules forming part of Balance Sheet as at 31st March 2010

SCHEDULE 4

FIXED ASSETS

For the period from 1st April 2009 to 31st March 2010

Amount in (Rs.)

Particulars	Gross Block			Depreciation				Net Block		
	As on 1 st April 2009	Additions	Deletions	As on 31 st March 2010	As on 1 st April 2009	Current Year	On Deletions	As on 31 st March 2010	As on 31 st March 2010	As on 31 st March 2009
Land	429,013	—	—	429,013	—	—	—	—	429,013	429,013
Building	11,442,425	—	—	11,442,425	5,350,613	304,591	—	5,655,204	5,787,220	6,091,811
Plant & Machinery *	130,822,388	51,303,675	4,077,951	178,048,112	94,087,984	10,287,150	3,147,374	101,227,760	76,820,351	36,734,403
Computer *	9,028,914	1,459,120	49,400	10,438,634	8,126,370	838,725	48,584	8,916,511	1,522,123	902,544
Furniture & Fixture *	7,463,407	1,209,051	148,060	8,524,398	5,291,169	1,027,086	124,383	6,193,872	2,330,526	2,172,238
Office Equipment/Air Conditioner *	5,461,170	636,547	650,301	5,447,416	3,674,662	410,761	493,105	3,592,318	1,855,098	1,786,507
Electrical Installation	3,676,766	547,832	—	4,224,599	2,837,141	256,495	—	3,093,636	1,130,963	839,625
Vehicle	3,539,826	811,853	—	4,351,679	3,508,680	176,214	—	3,684,894	666,784	31,145
Total	171,863,908	55,968,079	4,925,712	222,906,275	122,876,620	13,301,022	3,813,446	132,364,196	90,542,079	48,987,288
Previous Year	161,972,354	11,451,133	1,559,580	171,863,907	116,955,455	7,342,805	1,421,640	122,876,619	48,987,288	45,016,899
Capital Work-in- Progress **	—	15,353,749	—	15,353,749	—	—	—	—	15,353,749	—

* Deletion in Gross Block represent the value of Discarded Assets during the year amounting to Rs. 4,925,712/- and in Depreciation amounting Rs. 3,813,446/- in relation to Discarded Assets.

** Includes Advances given for Rs. 658,029/-.

SCHEDULE 5

CURRENT ASSETS, LOANS AND ADVANCES

Current Assets:

Inventories:

(As valued and certified by Management)

	As on 31 st March 2010		As on 31 st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Stock of Material and Tools	36,827,783		13,696,724	
		36,827,783		13,696,724
Sundry Debtors:				
(Unsecured and considered good by Management)				
Outstanding for more than six months	56,293,751		13,425,080	
Others	265,608,166		130,722,470	
		321,901,917		144,147,550

Includes Receivable from Holding Company –
Rs. 7,051,814/- (Previous Year – Rs. 5,836,011/-)

Schedules forming part of Balance Sheet as at 31st March 2010

SCHEDULE 5 (Contd.)	As on 31st March 2010		As on 31st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
CURRENT ASSETS, LOANS AND ADVANCES (Contd.)				
Cash and Bank Balances:				
Cash in hand	2,746,742		6,062,525	
Balances with Scheduled Banks				
On Current Accounts	1,281,444		54,569,399	
On Deposit Accounts	5,818,066		2,653,315	
Balance with Non-Scheduled Bank				
On Current Accounts				
Gulf Bank, Kuwait (Maximum Balance outstanding during the period Rs. 11,109,953/-) (Previous Year – Rs. 4,580,770/-)	2,134,061		697,385	
		11,980,313		63,982,624
Other Current Assets:				
Work Done but not Billed	128,020,893		25,153,000	
CENVAT Credit	16,985,210		1,996,311	
VAT Input and Refund Claim	22,391,387		9,227,551	
Other Assets	679,855		131,791	
		168,077,345		36,508,653
Loans & Advances:				
Advances recoverable in cash or kind for value to be received	48,801,205		24,868,956	
Deposits	1,703,924		2,809,847	
Income Tax (Inclusive of Fringe Benefit Tax)	7,179,618		5,647,439	
		57,684,747		33,326,242
		596,472,105		291,661,793

SCHEDULE 6	As on 31st March 2010		As on 31st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities:				
Sundry Creditors:				
Total Outstanding due to creditors under Micro, Small and Medium Enterprise Development Act, 2006	4,295,045		3,112,747	
Total Outstanding due to creditors other than Micro, Small and Medium Enterprise Development Act, 2006	239,175,372		57,188,389	
Advance Received from Customers	172,403,586		135,997,313	
Payable to Holding Company – Rs. 11,591,091/- (Previous Year Rs. 14,230,090/-)				
Other Liabilities	105,322,050		61,358,934	
		521,196,053		257,657,383
Provisions:				
Leave Encashment	382,330		411,350	
Gratuity	350,000		515,312	
Fringe Benefit Tax	640,189		640,189	
		1,372,519		1,566,851
		522,568,572		259,224,234

Schedules forming part of Profit and Loss Account for the year ended 31st March 2010

SCHEDULE 7	Year Ended 31st March 2010		Year Ended 31st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
INCOME FROM CONTRACTS				
Sales – Domestic – Erection	1,105,129,071		131,573,565	
Sales – Domestic – Manpower	18,146,598		—	
Sales – Export – Execution Overseas	125,465,372		188,189,315	
Sales – Export – Manpower	24,633,526		—	
Sales – Domestic – Supply	39,765,709		8,633,105	
Arbitration Award	6,212,610		6,189,692	
		1,319,352,887		334,585,677

SCHEDULE 8	Year Ended 31st March 2010		Year Ended 31st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
OTHER INCOME				
Discount Received	—		35,298	
Dividend Received on Mutual Fund Investment	621,459		—	
Interest on FDR/Bank Interest (TDS Rs. 34,400/-) (Previous Year Rs. 10,075/-)	499,558		234,709	
Interest on Arbitration Award Received	31,793		1,428,547	
Interest on Income Tax Refund	236,831		—	
Scrap Sales	27,615		864,595	
Profit on Sale of Assets	—		63,837	
Miscellaneous Income	36,703		45,548	
Sundry Balance Written Off/back (Net)	—		573,247	
		1,453,958		3,245,781

SCHEDULE 9	Year Ended 31st March 2010		Year Ended 31st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
PROJECT EXECUTION EXPENSES				
Bank Guarantee and Other Charges	4,269,864		597,106	
Cost of Consumables, Materials and Erection Services	910,729,403		230,629,239	
Freight and Transportation	15,779,354		4,321,938	
Insurance/ECGC Charges	2,397,913		1,776,764	
Site Vehicle Expenses	18,996,887		17,031,003	
Hire Charges – Equipment, Machineries & Others	46,319,946		23,602,555	
Works Contract Tax and Other Taxes	35,003,413		3,489,805	
Repairs and Maintenance – Machineries	1,999,303		1,274,699	
Site Expenses	5,761,059		22,404,668	
		1,041,257,143		305,127,777

Schedules forming part of Profit and Loss Account for the year ended 31st March 2010

SCHEDULE 10	Year Ended 31st March 2010		Year Ended 31st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
EMPLOYEE COST				
Salaries and Wages	83,830,565		37,116,489	
Provident Fund Contribution	1,591,638		809,092	
Gratuity	1,693,560		842,297	
Other Benefits and Compensation	17,070,326		8,150,795	
Directors Remuneration & Perquisites	2,542,709		1,339,025	
		106,728,798		48,257,698

SCHEDULE 11	Year Ended 31st March 2010		Year Ended 31st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
ESTABLISHMENT AND OTHER EXPENSES				
Business Development Expenditure	332,755		324,540	
Electricity and Water Charges	5,188,382		409,899	
Motor Vehicle Expenses	292,300		551,801	
Postage, Telegram, Telephone and Telex	2,883,259		1,112,635	
Printing and Stationery	2,102,979		635,302	
Professional and Legal Charges	7,367,671		3,529,546	
Rates and Taxes	71,317		12,375	
Rent	8,553,841		2,332,601	
Sitting Fees to Directors	225,000		185,000	
Travelling Expenses	20,411,404		1,507,496	
Bank and Financial Charges	5,185,412		620,424	
(Profit)/Loss due to difference in Exchange Rate (Net)	16,989,937		(9,410,919)	
(Profit)/Loss on Assets Discarded	1,112,266		—	
Miscellaneous Expenses	3,411,122		685,953	
		74,127,644		2,496,653

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2010 and Balance Sheet as at that date

SCHEDULE – 12

1. Significant Accounting Policies:

I. Method of Accounting & Revenue Recognition:

- a. The financial statements are prepared under the historical cost convention, on an accrual basis, in conformity with the accounting principles, generally accepted in India and in accordance with accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
- b. Manufacturing activities: During the year no Manufacturing Activity has been carried out.
- c. Erection/Construction activities: Sales have been stated exclusive of excise duty. Revenue from execution of contracts is recognized on Percentage Completion method. The stage of completion is determined on the basis of actual work executed during the period. Running bills are accounted as sales on monthly basis. No profit is recognized till a minimum of 10% progress is achieved on the contract. Cost incurred and invoices raised in respect of such contracts are carried in the balance sheet as contract in progress and advance billing respectively.
- d. Work done but not billed: Value of work executed, billed subsequent to balance sheet date, is valued at contract price.
- e.
 - i. Income and Expenses are mainly accounted on accrual basis except capital incentive from Government authorities and liquidated damages to the extent under negotiation.
 - ii. Sales Tax set-off is based on returns filed with appropriate authorities.
- f. Bank guarantee commission is accounted in the year of execution/renewal of guarantee.
- g. As prudence, all debtors (including advances), creditors, unless disputed, beyond 36 months are written off/written back.

II. Fixed Assets:

All tangible fixed assets are stated at historical cost (as reduced by CENVAT credit) less accumulated depreciation. The cost comprises of purchase price and other attributable expenses incurred up to acquisition and installation.

III. Depreciation:

- a. Depreciation has been provided for on the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956 except for the factory building at Nashik which is depreciated @ 5% per annum.
- b. All the Fixed Assets costing less than Rs. 5,000/- each are fully depreciated in the year of acquisition.

IV. Impairment of Assets:

As at each Balance sheet date, the Company assesses the realizable value of all the assets. If there is any indication of fall in the realizable value over carrying cost of the assets, impairment in value of the assets is recognized.

V. Valuation of Inventories:

- a. Stage of completion and cost of completion in respect of engineering and construction contracts in progress, being technical matters, are estimated and certified by the Company's technical personnel.
- b. Stock of all the raw materials, construction materials, stores and spares lying at store/sites have been valued at cost on First-in-First-Out basis.

VI. Investments:

Investments intended to be held for more than one year are classified as long term investments and are carried at cost of acquisition inclusive of other attributable expenses or fair value whichever is lower. Diminution in the value of investment is provided for, if such diminution is of other than temporary nature. Current Investments are carried at lower of cost and fair value.

VII. Foreign Currency Transactions:

- a. Sales and expenditure relating to overseas jobs/projects have been converted at the exchange rates prevailing at the end of the month in which the transaction is entered or at the last rate available.
- b. Assets and liabilities denominated in foreign currencies at the year-end are normally translated at the year-end exchange rates.
- c. The exchange difference on conversion are credited or charged to profit and loss account.
- d. Financial statement of overseas operations, which are integral operations are translated using the same principles as stated above except following items which are translated as below:

Sr. No.	Nature of the account	Policy
1.	Opening and Closing Work-in-progress	Rate at the commencement and end of the year respectively.
2.	Fixed Assets and Depreciation	Rate used for the translation of the respective date of purchase of fixed assets.

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2010 and Balance Sheet as at that date *(Contd.)*

VIII. Retirement benefits:

- a. The Company's contribution to Provident fund is charged to the Profit and Loss Account.
- b. Leave encashment benefit at the time of retirement/cessation of service as calculated on the basis of actuarial valuation, is charged to the Profit and Loss Account.
- c. The Gratuity liability, which is a defined benefit plan, is provided on the basis of actuarial valuation as on the Balance Sheet date and same is funded with Life Insurance Corporation of India as per their advice.

IX. Segment Reporting:

The Company has only one business segment i.e. Engineering & Construction activity. There is no distinguishable component of the Company providing a product or service or group of products or services that is subject to risks and returns that are different from other segments. As the Company also exports, the segment for the Company is based on location of customers/export destinations.

X. Earnings per share:

The Company reports basic earnings per share in accordance with the Accounting Standard 20 'Earnings per share' issued by the Institute of Chartered Accountants of India. Basic earnings per share, is computed by dividing the net profit or loss for the year, by the weighted average number of equity shares outstanding, during the year.

XI. Taxation (including Deferred Tax):

Provision for Income Tax is made for both current and deferred taxes. Current tax is provided on the basis of taxable income in accordance with and at the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences and which are capable of reversal in subsequent periods, are recognised using the tax rates, and tax laws that have been enacted or substantively enacted, subject to prudence.

XII. Borrowing Costs:

Borrowing costs which are directly attributable to acquisition, construction and production of qualifying assets are capitalised.

XIII. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation, if:

- a. the Company has a present obligation as a result of past event;
- b. a probable outflow of resources is expected to settle the obligation; and
- c. the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of the expenditure required to settle a provision is recognised only when it is virtually certain that reimbursement will be received.

A Contingent Liability is disclosed in the case of:

- a. a present obligation arises from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b. a present obligation when no reliable estimate is possible; and
- c. a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent Assets are neither recognised, nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

2. Contingent liabilities not provided for:

- a. (i) Bank Guarantees issued by the Company to its clients Rs. 56,916,185/- (Previous Year – Rs. 307,500/-).
- (ii) Bank Guarantees issued by Bankers of Tata Projects Limited on behalf of the Company to the Company's clients Rs. 227,978,706/- (Previous Year – Rs. 230,778,706/-).
- (iii) Letters of credit issued by the Company's Bankers to one of the supplier Rs. 2,048,438/- (Previous Year Rs. NIL).
- b. Sales Tax (Works Contract Tax) Rs. 4,708,375/- (Previous Year – Rs. 4,708,375/-) for which appeals are pending.

3. The Company has received the BIFR order dated 18th December, 2007 which is under implementation. The Company had preferred an appeal to the AAIFR with reference to the above order in respect of issues relating to Tax matters i.e. Income Tax & Service Tax, application of SEBI guidelines, exemptions from Clause 49 of the Listing Agreement with the BSE and property/house rent tax by Nashik Municipal Corporation during operation of the Scheme. Company has received an Order from AAIFR dated 1st January, 2009 specifying waivers of the above mentioned taxes and penalties and accordingly the Company has given the effects. The Company has also received an Order dated 3rd December 2009 from the BIFR whereby the Company has been granted exemption upto 31st March 2011 from complying with Clause 49 of the Listing Agreement with the BSE.

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2010 and Balance Sheet as at that date *(Contd.)*

4. Prior Period adjustments include the following:

Particulars	2009-10 Debit/(Credit) (Rupees)	2008-09 Debit/(Credit) (Rupees)
Capital Work-in-Progress	NIL	425,000
Advances written back/written off	NIL	1,503,945
Miscellaneous Expenses	NIL	(523,069)
Bank Balance	NIL	61,968
Gratuity	NIL	71,884
Total	NIL	1,539,728

5. a. All the Fixed Deposit receipts are lying with the banks towards margin money against Bank guarantees issued by Banks.
- b. Deferred Tax Liabilities as on 31st March 2010 comprises of:

Particulars	Balance as on 1 st April 2009 (Rupees)	Balance as on 31 st March 2010 (Rupees)
Deferred Tax Liability: Arising on account of timing difference in:		
i. Depreciation	4,832,143	4,963,154
ii. Provision for Leave Encashment	(127,107)	(129,954)
Total Deferred Tax Liability	4,705,036	4,833,200

- c. Fringe Benefit Tax for the year ended 31st March 2010 is not provided due to abolishment of the Act and provision for Income tax is not made as there are carry forward losses. Minimum Alternate Tax (MAT) u/s 115 JB of Income Tax Act, 1961 is not applicable to the Company as the Company is a sick Company.

6. Investment – Purchases and Redemption made during the year:

Name of the Mutual Fund Scheme	2009-10 (Rupees)	2008-09 (Rupees)
Tata Floater Fund	90,000,000	NIL
ICICI Liquid super IP	30,000,000	NIL
Tata Liquid Super High Inv. Fund	90,000,000	NIL

The above investments were made under Dividend Reinvestment Plan and Dividend received are accounted for during the year.

7. Related Party Transactions:

Information as required by AS-18 on “Related Party Disclosures” are as follows :

Name of the related party	Nature of relation	Nature of transaction	2009-2010 (Rupees)	2008-2009 (Rupees)
Tata Projects Limited	Holding Company	Secured Loan outstanding as at the beginning of the year	206,568,000	195,933,000
		Secured Loan taken during the year	22,900,000	10,635,000
		Secured Loan outstanding as at year end	229,468,000	206,568,000
		Interest payable at the beginning of the year	19,613,770	9,329,611
		Interest accrued and due during the year (Gross)	21,095,978	15,284,159
		Interest Paid during the year including TDS.	40,709,748	5,000,000

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2010 and Balance Sheet as at that date *(Contd.)*

Name of the related party	Nature of relation	Nature of transaction	2009-2010 (Rupees)	2008-2009 (Rupees)
		Interest payable at the end of the year	NIL	19,613,770
		Sale of services	100,087,319	121,561,152
		Receivables as at end of the year	8,091,285	25,610,515
		Balance of Mobilisation Advance as at the end of year	1,368,369	2,171,264
		Liability for Reimbursement of Expenses	11,591,091	5,551,389
Mr. P. S. Chopde, Executive Director – Manufacturing	Key Management Personnel	Managerial Remuneration	1,675,709	1,339,025
Mr. P. V. Varghese, Executive Director (From 01.01.2010)	Key Management Personnel	Managerial Remuneration	867,000	NIL

8. **Disclosure as required by AS-7 on “Construction Contracts” are as follows:**

Sr. No.	Particulars	2009-10 (Rupees)	2008-09 (Rupees)
A.	Contract revenue recognized	1,210,272,385	334,398,581
B.	Amount of Customer Advances outstanding for contracts in progress	172,616,306	135,997,313
C.	Retention amounts due from customers for contracts in progress	20,672,997	30,712,653
D.	Aggregate amount of contract costs incurred in respect of on going contracts net of recognised profits (less recognized losses) upto the reporting date	1,637,281,761	396,749,293
E.	Gross amount due from customers for contract work	301,228,920	120,202,242

9. **Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Act, 2006:**

The Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under the MSMED Act, 2006 is Rs. 42.95 Lakh, but interest for the delay in payment is not provided as the management is of the opinion that due to contractual terms liability of interest will not arise.

Disclosure in accordance with Section 22 of MSMED Act, 2006:

Sr. No.	Particulars	31 st March 2010 (Rupees)	31 st March 2009 (Rupees)
1.	Principal Amount	10,027,834	8,345,536
2.	Principal Amount remaining Unpaid	4,295,045	3,112,747
3.	Interest Due and remained unpaid thereon	315,483	838,188

10. The Company has received an order from BIFR dated 18th December 2007 and same is under implementation. In spite of accumulated losses being exceeding share capital and reserves, in lieu of the large new orders being received and commenced barring unforeseen circumstances, the Management expects to continue as going concern.
11. In respect of Sundry Debtors in arbitration, Company had written off Debtors amounting to Rs. 13.84 Crore in earlier years. In the event of Arbitration award in favour of the Company, any amount so received is treated as income in the year of receipt of award. During the year the Company has received an arbitration award amounting of Rs. 62.13 Lakh which is included in sales.

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2010 and Balance Sheet as at that date *(Contd.)*

12. a. Majority of the Company's Fixed Assets have been independently valued by an independent valuer in the preceding year and the valuation is much higher than the book value resulting in no impairment in the value of assets.
- b. Verification was carried out by an independent firm of Chartered Accountants during the year at all major domestic locations including Nashik unit, and based on its report, the Company has made the deletion in Gross Block for Rs. 4,925,712/- and in Depreciation for Rs. 3,813,446/- with regards to discarded assets as shown in Schedule - 4 in the Accounts.
13. a. In the opinion of the management, all Current Assets, Loans & Advances are approximated of the same value, if realized in the ordinary course of business. Provision for all the known liabilities is adequately made.
- b. Sundry Debtors include retention of Rs. 20,672,997/- (Previous Year – Rs. 30,712,653/-) receivable on completion of projects.
- c. Balance outstanding against sundry debtors and sundry creditors (including debit balances), are subject to reconciliation and confirmation with respective parties. In the opinion of the management, the amounts are recoverable and considered good.
- d. Cash and Bank balances includes an amount of Rs. NIL (Previous Year – Rs. 3,637/-) which are in the personal bank account of staff at sites and cash lying with them.

14. Earnings per share (Basic & Diluted):

	Year ended 31 st March 2010 Rupees	Year Ended 31 st March 2009 Rupees
a. Net profit/(loss) available for equity shareholders without prior period adjustment	62,172,176	(45,619,526)
b. Net profit/(loss) available for equity shareholders with prior period adjustment	62,172,176	(47,159,253)
c. Number of equity shares (Face value Re. 1/-)	36,920,000	36,920,000
d. Earnings per share (without prior period items)	1.68	(1.24)
e. Earnings per share (with prior period items)	1.68	(1.28)

15. Details of earning and expenditure in foreign currency for the year ended 31st March, 2010:

Particulars	Year ended 31 st March 2010 Rupees	Year Ended 31 st March 2009 Rupees
Earning in foreign exchange (Amount expended in equivalent Indian rupees)	131,719,735	191,253,649
Expenditure in foreign currency (Amount expended in equivalent Indian rupees)	55,555,150	129,937,775
Other Expenses	87,193,019	33,272,243

16. The net exchange rate difference amounting to Rs. 16,989,937/- (Previous Year – Rs. 9,410,919/-) has been debited to the Profit and Loss account in compliance with AS-11 on "The Effect of changes in Foreign Exchange Rates".
17. The value of consumption of imported and indigenously obtained raw-materials and the percentage to total consumption.

	Year ended 31 st March 2010		Year ended 31 st March 2009	
	Value (Rupees)	%	Value (Rupees)	%
(a) Imported	16,219,740	3.85	NIL	NIL
(b) Indigenous	404,694,401	96.15	78,627,826	100

18. (i) Erection/Construction Activities

In respect of Erection/Construction activities, the materials procured by the Company are directly delivered to the project sites and charged off in the year of purchase and included under "Construction/Operating expenses". It is not practicable to furnish the quantitative information in respect of these items due to diversified size and nature of business.

(ii) Manufacturing Activities

During the year and Previous year, no such activity is carried out in Manufacturing Division.

Note: Total Sales from Erection/Constructions activities including Supply is Rs. 1,319,352,888/- (Previous Year – Rs. 321,305,663/-). Aggregate Purchase is Rs. 420,914,140/- (Previous Year - Rs. 239,298,937/-).

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2010 and Balance Sheet as at that date *(Contd.)*

19. Managerial Remuneration:

	Year Ended 31 st March 2010 (Rupees)		Year Ended 31 st March 2009 (Rupees)	
	Remuneration	Perquisites & Special allowances	Remuneration	Perquisites & Special allowances
(i) Mr. P. S. Chopde Executive Director (Manufacturing)	1,170,000	505,709	1,170,000	169,025
(ii) Mr. P. V. Varghese Executive Director (From 1 st January 2010)	867,000	—	—	—
Total	2,037,000	505,709	1,170,000	169,025

20. (a) Necessary approvals of the Members and the Central Government pursuant to the provisions of the Companies Act, 1956 read with Schedule XIII thereto are being obtained for payment of reimbursement of medical expenses of Rs. 175,709/- incurred by Mr. P. S. Chopde, Executive Director-Manufacturing.
- (b) The Company has filed an application pursuant to the provisions of the Companies Act, 1956 read with Schedule XIII thereto, with the Central Government seeking its approval for payment of excess remuneration to the extent of Rs. 492,000/- in respect of payment of remuneration referred to in 19(ii) above.

21. Professional fees include Auditors remuneration as below:

Nature of services	Year Ended 31.03.2010 (Rupees)	Year Ended 31.03.2009 (Rupees)
Audit fees	441,200	441,200
Tax Audit fees	66,180	66,180
Taxation, Certification & Other matters	249,459	109,728
Reimbursement of expenses	—	27,003
Total	756,839	644,111

22. The Company has paid the Gratuity amount of Rs. 3.50 Lakh to one of the employees, the claim settlement is Pending with Life Insurance Corporation of India.

Leave Encashment has been provided as per actuarial valuation at Rs. 382,330/-, and excess balance from the earlier year is charged to employee cost.

The Actuarial Valuation of Leave Encashment has been done on the following assumptions:

	(Rupees)
I. Expenses recognized in the statement of P & L A/c	
Current Service Cost	823,619
Interest Cost	18,150
Expected Return on Plan Assets	
Net Actuarial (Gain)/Loss recognized for the period	(566,212)
Expense recognized in the statement of P & L A/c	275,107
II. Movement in the Liability recognised in Balance Sheet	
Opening Net Liability	411,350
Expenses as above	275,107
Contribution Paid	(304,127)
Closing Net Liability	382,330

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2010 and Balance Sheet as at that date *(Contd.)*

(Rupees)

III. Changes in present value of obligations

PVO at the beginning of period	411,350
Interest Cost	18,150
Current Service Cost	823,169
Benefits Paid	(304,127)
Actuarial (Gain)/Loss on obligation	(566,212)
PVO at end of period	382,330

IV. Changes in fair value of plan assets

Fair Value of Plan Assets at beginning of period	
Expected Return on Plan Assets Contribution	304,127
Benefit Paid	(304,127)
Actuarial Gain/(Loss) on plan assets	
Fair Value of Plan Assets at end of period	

V. Assumption as at

Mortality	LIC (1994-96) Ult.	
Interest/Discount rate	7.00%	8.00%
Rate of increase in compensation	4.00%	4.00%
Rate of return (expected) on plan assets		
Employee Attrition Rate [Past Service (PS)]	PS : 0 to 40: 10%	PS : 0 to 40: 10%
Expected average remaining service		7.57

23. Segmental Reporting:
Geographical Segments:

	Year ended 31 st March 2010 (Rupees)	Year ended 31 st March 2009 (Rupees)
Local	1,169,253,988	152,856,391
Export	149,388,020	181,729,286
Total	1,319,352,887	334,585,677

24. In line with accepted practice in construction business, certain revisions of costs & billing of previous years which have crystallized during the year have been dealt with during the current year.

25. Previous year's figures have been regrouped and restated wherever necessary to make their classification comparable with that of the current period.

Subject to our report of even date

For and on behalf of

Chokshi & Chokshi
Chartered Accountants

K. S. Chokshi
(Partner)
Membership No. 17085

Place : Mumbai
Date : 7th May 2010

For and on behalf of the Board

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

K. P. Singh
Chairman

H. H. Malgham
Director

P. S. Chopde
Executive Director (Manufacturing)

P. V. Varghese
Executive Director

Place : Mumbai
Date : 7th May 2010

V. **Generic Names of Three Principal Products/Services of the Company (as per monetary items)**

Item Code Nos. (ITC Code)	N A
Product Description	C O N S T R U C T I O N A N D P R O J E C T R E L A T E D A C T I V I T Y
Item Code Nos. (ITC Codes)	8 4 1 9
Project Description	M A C H I N E R Y P L A N T & L A B O R A T O R Y E Q U I P M E N T S U C H A S P R E S S U R E V E S S E L S & H E A T E X C H A N G E R S
Item Code Nos. (ITC Codes)	V A R I O U S C O D E N O S 7 3 0 8 7 3 0 9 8 4 7 9
Product Description	T A N K S , S T O R A G E T A N K & P R E S S U R E V E S S E L S , S H A F T S F O R W I N D M I L L O R W I N D - M I L L T O W E R S , M A C H I N E S & M E C H A N I C A L A P P L I A N C E S H A V I N G I N D I V I D U A L F U N C T I O N S U C H A S L P G F I L L I N G M A C H I N E S E V A C U A T I O N U N I T C A R O U S E L A S S E M B L Y

Subject to our report of even date

For and on behalf of

Chokshi & Chokshi
Chartered AccountantsK. S. Chokshi
(Partner)
Membership No. 17085Place : Mumbai
Date : 7th May 2010Purushothaman R.
Chief Financial OfficerVishram N. Panchpor
Company Secretary

For and on behalf of the Board

K. P. Singh
ChairmanH. H. Malgham
DirectorP. S. Chopde
Executive Director (Manufacturing)P. V. Varghese
Executive DirectorPlace : Mumbai
Date : 7th May 2010

Cash Flow Statement

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2010

Particulars	Year Ended 31 st March 2010		Year Ended 31 st March 2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit/(Loss) After Tax		62,172,176		(48,540,435)
Adjustments for -				
Depreciation	13,301,022		7,342,805	
Loss (Profit) on sale of Fixed Assets	1,112,266		(63,837)	
Dividend and Other Income Received	(621,459)		—	
Short Term Capital Gain on Sale of Units	(400)		—	
Prior Period Adjustments	—		(1,539,727)	
Deferred Tax	128,164		2,920,910	
Interest (Net)	23,091,898		18,414,514	
		37,011,491		27,074,664
Operating Profit Before Working Capital Changes		99,183,667		(21,465,771)
Adjustments for -				
Sundry Debtors	(177,754,367)		(45,768,473)	
Advances	(155,927,201)		(24,697,063)	
Inventories	(23,131,060)		(6,229,306)	
Trade Payables	263,344,338		157,934,673	
		(93,468,290)		81,239,831
Cash Generated From Operations		5,715,377		59,774,061
Interest Paid	(23,091,898)		(20,077,770)	
		(23,091,898)		(20,077,770)
Net cash from Operating Activities		(17,376,520)		39,696,291
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(55,968,079)		(11,451,133)	
Capital Work in Progress	(15,353,749)		—	
Sale of Fixed Assets	—		201,776	
Short Term Capital Gain on Sale of Units	400		—	
Dividend and Other Income Received	621,459		—	
Interest Received	—		1,663,256	
Net cash used in Investing Activities		(70,699,969)		(9,586,100)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Increase in Secured Loan		36,074,176		10,635,000
Net cash used in Financing Activities		36,074,176		10,635,000
Net Increase in Cash and Cash Equivalents		(52,002,312)		40,745,190
Cash and Cash Equivalents as at beginning of the year		63,982,625		23,237,434
Cash and Cash Equivalents as at the end of the year		11,980,313		63,982,625

Notes:

- Cash Flow Statement has been prepared following the indirect Method except in case of Purchase and Sale of investments and Taxes Paid which have been considered on the basis of actual movement of cash with necessary adjustments in corresponding Assets and Liabilities.
- Proceeds from Long Term & Other borrowings are shown net of Repayments.
- Cash and Cash Equivalents represent Cash and Bank Balances only.

Subject to our report of even date

 For and on behalf of
 Chokshi & Chokshi
 Chartered Accountants

 K. S. Chokshi
 (Partner)
 M. No. 17085

 Place : Mumbai
 Date : 7th May, 2010

 Purushothaman R.
 Chief Financial Officer

 Vishram N. Panchpor
 Company Secretary

 For and on behalf of the Board
 K. P. Singh
 Chairman
 H. H. Malgham
 Director
 P. S. Chopde
 Executive Director (Manufacturing)
 P. V. Varghese
 Executive Director
 Place : Mumbai
 Date : 7th May, 2010



▲ Crude Oil Tanks, Radhanpur

Fire Water Tanks, Radhanpur ▼



